

STATE OF MARYLAND

**MARYLAND DEPARTMENT OF THE ENVIRONMENT**

**Shari T. Wilson, Secretary**

**BILL NO:** House Bill 70

**COMMITTEE:** Environmental Matters

**POSITION:** Support With Amendment

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**TITLE:**

Bay Restoration Fund – Expanded Use of Funds

**BILL ANALYSIS:**

This bill will expand the authorized uses of the Bay Restoration Fund to allow the fund to be used for the payment of principal and interest on bonds issued by a local government if the proceeds are used for the upgrade of wastewater treatment plants with enhanced nutrient removal technology.

**POSITION AND RATIONALE:**

MDE supports HB 70 since this bill will provide the Department with one of several strategies needed to address the Bay Restoration Fund's projected revenue shortfall.

The upgrade of the 66 major wastewater treatment plants with Enhanced Nutrient Removal (ENR) is estimated to cost \$1.54 billion, and the Bay Restoration Fund can currently provide \$881 million in funding through 2018, leaving a projected shortfall of \$659 million.

The legislation will allow the Bay Restoration Fund applicants to issue local bond debt for a longer term (e.g., up to 30 years) than the 15-year term permitted per Maryland Constitution for the bonds issued by the Maryland Water Quality Financing Administration (MWQFA). The local bond debt service will be secured by MWQFA using the Bay Restoration Fee Revenue.

This action would allow additional revenue bonds to be issued because of lower annual debt service payments spread over a longer payment period. These local bonds will provide additional funding capacity (approx. \$90 million) and partially help offset the ENR funding shortfall currently projected at \$659 million.

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The Department is offering a technical amendment to this legislation. In the bill as written the "initial source of revenue" carries the 15-year debt term restriction on the local bonds. Although the current BRF budget process seeks annual appropriation from the legislature, the Department's bond counsel believes the proposed technical amendment should further clarify and allow for a longer (more than 15 year) debt service term under MD state law.

**FOR MORE INFORMATION,**  
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BY: The Maryland Department of the Environment

AMENDMENT TO HOUSE BILL 70  
(First Reading File Bill)

AMENDMENT NO. 1

On page 2, in line 17, after “SECURITY” insert “, SUBJECT TO ANNUAL APPROPRIATION,”